

Message Text

CONFIDENTIAL

PAGE 01 BERLIN 05112 221920Z

53

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SP-02 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03 H-02 AGR-05

PM-04 CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06

PRS-01 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 /091 W

----- 105481

R 221720Z JAN 76

FM AMEMBASSY BERLIN

TO SECSTATE WASHDC PRIORITY 1963

INFO USDOC WASHDC PRIORITY

AMEMBASSY BONN

AMEMBASSY MOSCOW

USMISSION USBERLIN UNN

C O N F I D E N T I A L BERLIN 5112

USDOC FOR BEWT FOR DOWNEY

E O 11652: GDS

TAGS: EEWT, GE, US, PFOR

SUBJ: ROCKWELL INTERNATIONAL NEGOTIATING COOPERATION AGREEMENT
WITH GDR

SUMMARY: ROCKWELL INTERNATIONAL IS NEGOTIATING A COOPERATION AGREE-
MENT WITH A GDR "CONSORTIUM". THE AGREEMENT WOULD DEFINE GROUPS OF
COMMODITIES TO BE TRADED AND OUTLINE OTHER AREAS OF COOPERATION INCLU

-

DING JOINT PROJECTS IN THIRD COUNTRIES. WE BELIEVE THAT THE PROPOSED
AGREEMENT IS AN IMPORTANT EVENT IN US-GDR TRADE RELATIONS
AND SHOULD BE WELCOMED AT AN APPROPRIATE STAGE
BY THE U.S.G. END SUMMARY

1. ACCORDING TO THREE EXECUTIVES OF ROCKWELL INTERNATIONEL WHO
CALLED AT THE EMBASSY JANUARY 21 TO BRIEF US, THE COMPANY IS
NEGOTIATING A TRADE AND COOPERATION AGREEMENT WITH A "CONSORTIUM"
OF TWELVE GDR TRADE ORGANIZATIONS. THE GDR ENVISIONS SIGNATURE OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BERLIN 05112 221920Z

THE AGREEMENT AT THE LEIPZIG SPRING FAIR (MARCH 14-21). THE

AGREEMENT, WHICH THE ROCKWELL EXECUTIVES VIEW AS ANALOGOUS TO EXISTING AGREEMENTS BETWEEN PRIVATE FIRMS AND THE SOVIET STATE COMMITTEE FOR SCIENCE AND TECHNOLOGY, WOULD BE THE FIRST OF ITS KIND INVOLVING AN AMERICAN FIRM AND THE GDR.

2. A FIRST GDR DRAFT OF THE AGREEMENT GIVEN TO ROCKWELL JANUARY 20 AND REVIEWED HASTILY BY THE EMBASSY CONTAINS THE FOLLOWING: A PREAMBLE STRESSING GDR DESIRES TO IMPROVE ECONOMIC CONTACTS WITH "THE UNITED STATES OF AMERICA"; A LIST OF THE MEMBERS OF THE GDR CONSORTIUM; EXPRESSIONS OF INTENT TO ENGAGE IN BALANCED TRADE IN GOODS LISTED IN TWO ANNEXES; UNDERTAKINGS FOR COOPERATION IN MARKETING AND RESEARCH; UNDERTAKINGS FOR COOPERATION IN JOINT PROJECTS IN THIRD COUNTRIES, AND A COMMITMENT TO MEET SEMI-ANNUALLY TO REVIEW PROGRESS. THE AGREEMENT WOULD HAVE A TERM OF FIVE YEARS, AND COULD BE EXTENDED FOR 1 YEAR PERIODS BY MUTUAL AGREEMENT.

3. ROCKWELL EXECUTIVES STRESSED THAT THE COMPANY'S AEROSPACE AND MILITARY DIVISION WOULD NOT BE INVOLVED BUT THAT THE COMPANY'S "UTILITY AND INDUSTRIAL OPERATIONS" DIVISION WOULD BE THE MAIN PARTNER OF THE GDR UNDER THE AGREEMENT. THEY FELT THE AREAS OFFERING MOST PROMISE AT PRESENT FOR BENEFITS TO ROCKWELL ARE TEXTILE MACHINERY, PRINTING MACHINERY, POWER TOOLS AND OTHER CONSUMER GOODS, MICRO-ELECTRONICS, COMMUNICATIONS SWITCHING AND AIRLINE RESERVATIONS GEAR FROM ROCKWELL'S COLLINS DIVISION, AND PIPELINE FLOW CONTROL. THEY DESCRIBED GDR AND ROCKWELL CAPABILITIES AS INTERLOCKING NICELY IN TEXTILE AND PRINTING MACHINERY, AND BELIEVE GDR WANTS ROCKWELL INPUT FOR A \$10 MILLION TEXTILE PLANT IN IRAQ. THE CURRENT DRAFT OF THE AGREEMENT SETS NO TRADE GOAL, BUT THE CHIEF GDR NEGOTIATOR, DR. NEUMANN OF UNITECHNA (AN FTO WITH RESPONSIBILITY FOR SALES OF TEXTILE AND PRINTING MACHINERY) HAS HINTED THAT AN ANNUAL TURNOVER OF \$5 MILLION MIGHT BE AN APPROPRIATE GOAL.

4. DESCRIBING THE BACKGROUND TO THE BACKGROUND TO THE PRESENT NEGOTIATIONS, THE ROCKWELL REPRESENTATIVES SAID THAT OVER A PERIOD OF SEVERAL YEARS ROCKWELL HAD EXPRESSED INTEREST IN TRADE WITH GDR ENTITIES, BUT TRADE HAD REMAINED RELATIVELY MODEST, \$500,000 TO \$1,000,000 ANNUALLY, MAINLY IN SEWING MACHINES AND TEXTILES THROUGH AN ITALIAN SUBSIDIARY, REMOLDI, AND ROCKWELL BELIEVED THE GDR WANTED NO CLOSER

CONFIDENTIAL

PAGE 03 BERLIN 05112 221920Z

CONTACT. ABOUT THREE MONTHS AGO THE SITUATION CHANGED AS GDR AMBASSADOR SIEBER CONTACTED ROCKWELL, AND ARRANGMENTS WERE MADE FOR DR. BEIL'S VISIT TO THE COMPANY, WHICH IN TURN PRODUCED THE IDEA OF A COOPERATION AGREEMENT.

5. IN RESPONSE TO THE ROCKWELL REPRESENTATIVES' REQUEST FOR THE EMBASSY'S REACTION AND VIEWS ON THE PROPOSED AGREEMENT, THE AMBASSADOR REVIEWED THE DEVELOPMENT OF OUR B LATERAL TRADE RELATION-

SHIP. THE ROCKWELL REPRESENTATIVES WERE TOLD THAT AMONG ITEMS OF BUSINESS TAKEN UP IN THE BILATERAL MEMORANDUM OF UNDERSTANDING NEGOTIATED PRIOR TO US RECOGNITION OF THE GDR, EXPANSION OF TRADE WAS LISTED AS A AGREED GOAL. THE AMBASSADOR SAID IT IS OUR IMPRESSION THAT THE GDR WELCOMES THE EXPANSION OF DIRECT CONTACTS WITH US FIRMS AND THAT ONE SHOULD EXPECT THE GDR TO ACCORD SUCH AN AGREEMENT CONSIDERABLE ATTENTION.

6. COMMENT: WE BELIEVE CONCLUSION OF THE AGREEMENT WILL BE A MAJOR EVENT IN US/GDR TRADE RELATIONS WITH CONSIDERABLE IMPACT ON THE WAY IN WHICH US/GDR RELATIONS ARE VIEWED BY OFFICIAL AND PRIVATE INSTITUTIONS IN THIRD COUNTRIES. IT WILL BE A COUP FOR THE GDR IN ITS CONTINUING CAMPAIGN TO PRESENT ITSELF AS A DEVELOPED TECHNICAL AND POLITICAL ENTITY ON THE WORLD SCENE, AN EFFORT THAT WILL BE INTENSIFIED BY THE AEROSPACE AND SOPHISTICATED WEAPONS AURA WHICH SURROUNDS ROCKWELL'S NAME. AT THE SAME TIME

THE AGREEMENT HAS POTENTIAL AS A BENEFICIAL ARRANGEMENT IN ITSELF AND AS A POWERFUL STIMULANT TO THE EXPANSION OF BILATERAL TRADE. WE BELIEVE THE UNITED STATES GOVERNMENT SHOULD AT AN APPROPRIATE STAGE EXPRESS SATISFACTION WITH THE AGREEMENT AS A WELCOME AND POSITIVE STEP IN THE DEVELOPMENT OF OUR BILATERAL ECONOMIC RELATIONSHIP. COOPER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COMMODITIES, TRADE AGREEMENTS, NEGOTIATIONS, CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BERLIN05112
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760024-0978
From: BERLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760133/aaaabclm.tel
Line Count: 139
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by izenbei0>; APPROVED <20 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ROCKWELL INTERNATIONAL NEGOTIATING COOPERATION AGREEMENT WITH GDR
TAGS: EEWT, PFOR, GC, US, ROCKWELL INTERNATIONAL
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006